

AMENDED IN ASSEMBLY JUNE 11, 2008

AMENDED IN SENATE MARCH 27, 2008

**SENATE BILL**

**No. 1737**

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**Introduced by Senator Kehoe**

February 22, 2008

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An act to ~~amend Section 740.3 of~~ *add Section 25225.5 to the Public Resources Code, and to amend Section 740.3 of, and add Sections 386.5 and 740.2 to, the Public Utilities Code, relating to energy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1737, as amended, Kehoe. Electric and gas low-emission vehicles.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law requires the commission, in cooperation with the State Energy Resources Conservation and Development Commission, the State Air Resources Board, air quality management districts and air pollution control districts, electrical and gas corporations, and the motor vehicle industry, to evaluate and implement policies to promote the development of equipment and infrastructure needed to facilitate the use of electric power and natural gas to fuel low-emission vehicles. The commission is required to ensure that the costs and expenses of any authorized programs are not passed through to electric or gas ratepayers unless the commission finds and determines that those programs are in the ratepayers' interest. Existing law requires the commission to provide a progress report to the Legislature on its efforts to evaluate and implement the policies for the above-described purposes by January 30, 1993, and every 2 years thereafter.

This bill would make technical and nonsubstantive revisions to the requirements placed upon the commission to evaluate and implement policies to promote the development of equipment and infrastructure needed to facilitate the use of electricity and natural gas to power low-emission vehicles. The bill would require the commission to provide a progress report to the Legislature on its efforts to evaluate and implement the policies by January 1, 2010, and by January 1 of each even year thereafter.

*(2) This bill would require the commission, by January 1, 2010, to require each electrical corporation to establish an optional off-peak electrical rate for plug-in hybrid and electric vehicles, or other optional rate structures, equipment, techniques, or incentives to shift the charging of plug-in hybrid and electric vehicles to off-peak periods.*

*Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.*

*Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.*

*This bill would require each local publicly owned electric utility, by January 1, 2010, to establish an optional off-peak electrical rate for plug-in hybrid and electric vehicles, or other optional rate structures, equipment, techniques, or incentives to shift the charging of plug-in hybrid and electric vehicles to off-peak periods.*

*By placing new requirements upon local publicly owned electric utilities, the bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for specified reasons.*

*(3) Existing law, with certain exceptions, requires the State Energy Resources Conservation and Development Commission (Energy Commission), prior to expending any funds for any research, development, or demonstration program or project relating to vehicles or vehicle fuels, to adopt a plan describing any proposed expenditure, find that the proposed program or project will not duplicate any other past or present publicly funded California program or project, and*

*within 120 days from the date of the conclusion of a program or project, to issue a public report that sets forth the actual costs of the program or project, the results achieved and how they compare with expected costs and benefits, and any problems that were encountered by the program or project.*

*This bill would require the Energy Commission to convene a task force, to be chaired by the chair of the Energy Commission or his or her designee, to be the on-going organization for coordinating and promoting collaboration between state entities and organizations working on promoting and facilitating the use of plug-in hybrid and electric vehicles. The bill would require the task force to report to the Legislature by January 1, 2010, on existing barriers to the wide-spread deployment of, and issues associated with the wide-spread use of, plug-in hybrid and electric vehicles.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 25225.5 is added to the Public Resources  
2     Code, to read:  
3     25225.5. (a) The commission shall convene a task force on  
4     plug-in hybrid and electric vehicles that will include  
5     representatives of the following:  
6     (1) The State Air Resources Board.  
7     (2) The Public Utilities Commission.  
8     (3) The commission.  
9     (4) The Independent System Operator.  
10    (5) The Institute of Transportation Studies of the University of  
11    California, Davis.  
12    (6) Industry.  
13    (7) Public representatives with interests or backgrounds that  
14    the chair of the commission determines would be of value to the  
15    work of the task force.  
16    (b) The chairperson of the task force shall be the chair of the  
17    commission or the designee of the chair and the commission shall  
18    provide all staff support required by the task force, within existing  
19    resources.  
20    (c) The task force shall meet on the call of the chairperson on  
21    at least a quarterly basis and shall be the on-going organization

1 *for coordinating and promoting collaboration between state entities*  
2 *and organizations working on promoting and facilitating the use*  
3 *of plug-in hybrid and electric vehicles.*

4 *(d) The task force shall report to the Legislature by January 1,*  
5 *2010, on existing barriers to the wide-spread deployment of, and*  
6 *issues associated with the wide-spread use of, plug-in hybrid and*  
7 *electric vehicles and shall use the mandates set by the California*  
8 *Air Resources Board as the basis for their work. The report shall*  
9 *address and make recommendations on all of the following:*

10 *(1) The impacts upon electrical infrastructure, including*  
11 *infrastructure upgrades necessary for wide-spread use of plug-in*  
12 *hybrid and electric vehicles, the role and development of public*  
13 *charging infrastructure, and whether incentives are necessary to*  
14 *promote infrastructure development.*

15 *(2) The impact of plug-in hybrid and electric vehicles on grid*  
16 *stability and the integration of renewable energy resources.*

17 *(3) Whether incentives are necessary or desirable to promote*  
18 *use of plug-in hybrid and electric vehicles, including if incentives*  
19 *are necessary to help ensure that low-income Californians have*  
20 *the ability to acquire and use plug-in hybrid and electric vehicles.*

21 *(4) The technological advances that are needed to ensure the*  
22 *wide-spread use of plug-in hybrid and electric vehicles and what*  
23 *role the state should take to support the development of this*  
24 *technology.*

25 *(5) The existing code and permit requirements that will impact*  
26 *the wide-spread use of plug-in hybrid and electric vehicles and*  
27 *any recommended changes to existing legal impediments to the*  
28 *wide-spread use of plug-in hybrid and electric vehicles.*

29 *(6) The role the state should take to ensure that technologies*  
30 *employed in plug-in hybrid and electric vehicles work in a*  
31 *harmonious manner and across service territories.*

32 *(7) The impact of wide-spread use of plug-in hybrid and electric*  
33 *vehicles on achieving the state's goals pursuant to the California*  
34 *Global Warming Solutions Act of 2006 and renewables portfolio*  
35 *standard program and what steps should be taken to address*  
36 *possibly shifting emissions reductions responsibilities from the*  
37 *transportation sector to the electrical industry.*

38 *(8) Assess the existing activities and programs of each state*  
39 *agency to determine the programs that should be consolidated,*  
40 *augmented, or established.*

1     *SEC. 2. Section 386.5 is added to the Public Utilities Code, to*  
2     *read:*

3     *386.5. By January 1, 2010, each local publicly owned electric*  
4     *utility shall establish an optional off-peak electrical rate for plug-in*  
5     *hybrid and electric vehicles, or other optional rate structures,*  
6     *equipment, techniques, or incentives to shift the charging of plug-in*  
7     *hybrid and electric vehicles to off-peak periods. The optional*  
8     *off-peak rate or other rate structures, equipment, techniques, or*  
9     *incentives shall take into consideration the reduction in emissions*  
10    *of greenhouse gases and other benefits to California ratepayers*  
11    *and citizens resulting from use of plug-in hybrid and electric*  
12    *vehicles to replace gasoline powered vehicles.*

13    *SEC. 3. Section 740.2 is added to the Public Utilities Code, to*  
14    *read:*

15    *740.2. By January 1, 2010, the commission shall require each*  
16    *electrical corporation to establish an optional off-peak electrical*  
17    *rate for plug-in hybrid and electric vehicles, or other optional rate*  
18    *structures, equipment, techniques, or incentives to shift the*  
19    *charging of plug-in hybrid and electric vehicles to off-peak periods.*  
20    *The optional off-peak rate or other rate structures, equipment,*  
21    *techniques, or incentives shall take into consideration the reduction*  
22    *in emissions of greenhouse gases and other benefits to California*  
23    *ratepayers and citizens resulting from use of plug-in hybrid and*  
24    *electric vehicles to replace gasoline powered vehicles.*

25    ~~SECTION 1.~~

26    *SEC. 4. Section 740.3 of the Public Utilities Code is amended*  
27    *to read:*

28    *740.3. (a) By January 1, 2010, the commission, in cooperation*  
29    *with the State Energy Conservation and Development Commission,*  
30    *the State Air Resources Board, air quality management districts*  
31    *and air pollution control districts, electrical corporations, gas*  
32    *corporations, and the motor vehicle industry, shall evaluate and*  
33    *implement policies to promote the development of equipment and*  
34    *infrastructure needed to facilitate the use of electricity and natural*  
35    *gas to power low-emission vehicles. Policies to be considered shall*  
36    *include both of the following:*

37    *(1) The sale-for-resale and the rate-basing of low-emission*  
38    *vehicles and supporting equipment, such as batteries for electric*  
39    *vehicles and compressor stations for natural gas fueled vehicles.*

1 (2) The development of statewide standards for electric vehicle  
2 charger connections and compressed natural gas vehicle fueling  
3 connections, including installation procedures and technical  
4 assistance to installers.

5 (b) The commission shall hold public hearings as part of its  
6 effort to evaluate and implement the new policies considered in  
7 subdivision (a), and shall provide a progress report to the  
8 Legislature by January 1, 2010, and by January 1 of each even  
9 year thereafter, concerning policies on rates, equipment, and  
10 infrastructure implemented by the commission and other state  
11 agencies, federal and local governmental agencies, and private  
12 industry to facilitate the use of electricity and natural gas to power  
13 low-emission vehicles.

14 (c) The commission's policies authorizing electrical corporations  
15 and gas corporations to develop equipment or infrastructure needed  
16 for electric-powered and natural gas-fueled low-emission vehicles  
17 shall ensure that the costs and expenses of those programs are not  
18 passed through to electric or gas ratepayers unless the commission  
19 finds and determines that those programs are in the ratepayers'  
20 interest. The commission's policies shall also ensure that utilities  
21 do not unfairly compete with nonutility enterprises.

22 *SEC. 5. No reimbursement is required by this act pursuant to*  
23 *Section 6 of Article XIII B of the California Constitution because*  
24 *certain costs that may be incurred by a local agency or school*  
25 *district will be incurred because this act creates a new crime or*  
26 *infraction, eliminates a crime or infraction, or changes the penalty*  
27 *for a crime or infraction, within the meaning of Section 17556 of*  
28 *the Government Code, or changes the definition of a crime within*  
29 *the meaning of Section 6 of Article XIII B of the California*  
30 *Constitution.*

31 *With respect to certain other costs, no reimbursement is required*  
32 *by this act pursuant to Section 6 of Article XIII B of the California*  
33 *Constitution because a local agency or school district has the*  
34 *authority to levy service charges, fees, or assessments sufficient*  
35 *to pay for the program or level of service mandated by this act,*  
36 *within the meaning of Section 17556 of the Government Code.*